

**RESILIENCE IN THE FACE OF BUSINESS FAILURE:  
A Brazilian Study on Entrepreneurial Behavior**

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**ABSTRACT**

*This study is aimed at analyzing the factors associated with resilient behavior in Brazilian entrepreneurs who have experienced failure in business. A method of qualitative research was adopted of an exploratory type. Eleven entrepreneurs who had experienced business failure in the central region of Rio Grande do Sul, Brazil, were used as units of analysis. Data was analyzed from a priori defined categories (business failure, resilient factors and the dynamics of resilience) using the technique of content analysis. The lack of professional advice, arrogance and inexperience in management were the major relevant aspects that led to business failure. The resilient factors identified were outside support, internal strength/faith, knowing how to ask for help and ability to learn. It was also noted that the dynamics of resilience in the entrepreneurs showing resilient negative behavior was characterized by social withdrawal, being ashamed of failure, isolation, arrogance; and the resilient positive behavior was a return to social conviviality, therapy, pursuit of knowledge, reflection, loss of the sense of the shame and a disposition to resume and to be capable.*

**Keywords:** *resilience; business failure; entrepreneurial behavior; resilient factors; Brazilian entrepreneurs.*

**1. INTRODUCTION**

Doing business implies the identification of opportunities and a commitment to achieve results, even in an environment of ambiguity and uncertainty. In this sense, the success and/or the failure in business, resulting from entrepreneurial activities, are associated with the ability and performance of its managers, requiring development of skills to make them capable and to facilitate the process of adaptation, through hindsight of their previous managerial practices and the analysis of both internal and external organizational environment (Baron & Shane, 2010).

This reflection seems to necessitate from the individual entrepreneur the competency to manage his subjectivity, because stressful situations, as in the case of business failure, can affect his ability of evaluation (Shepherd, 2003). Such situations can be considered as being one of the sources of relationships between the individual and his environment, showing individual differences in response to adversity (Rutter, 2012).

According to Shepherd (2003) failure in business directly affects the life of the individual entrepreneur minimizing his ability to withstand pressure and emotional challenges arising from this situation. This situation of incapacity that the adversity shows, for Collins (2010) starts a chain reaction that is outside the control of the individual entrepreneur, because every desperate search for salvation is followed by disappointment and in turn is followed by a desperate action in an attempt at salvation, meaning that resources run out and thereby coming to the end of dwindling options and hope.

However, be aware of inappropriate behavior in the face of adverse situations doesn't mean that you are eliminating it or that you don't have appropriate behavior in these situations (Dotlich & Cairo, 2004). The question is that the individual entrepreneur requires the capacity and the internal balance to enable the process of resilience to start. Resilience is, in this context, a format for the individual to process and reflect on the situation of failure, learning from it (Luthar, 2000).

Based on the above one notes the relevance of perception of the individual and of the interaction of different experiences of life which we go through, as in the case of business failure. According to Shepherd (2003), research into business failure concerning the way and the ability of the entrepreneur to deal and learn from failure, remain few. Furthermore, the effects of business failure on the individual entrepreneur are complex and arguably paradoxical. While failure may lead to a potentially valuable learning opportunity for the entrepreneur, it may also be an emotional and traumatic experience that obstructs learning (Ucbasaran, Shepherd, Lockett, & Lyon, 2013). In this sense, seeking to contribute and to expand on the knowledge related to this issue, this study aims to analyze the factors associated with resilient behavior of entrepreneurs who have experienced business failure in Brazil.

## 2. ENTREPRENEURIAL CHARACTERISTICS AND BEHAVIOR

Starting from the concept that entrepreneurship is “the process of creating something new and valuable, dedicating both the time and effort required and assuming financial, psychic and corresponding social risks and achieving the consequent rewards, those of satisfaction, financial and social independence” (Hisrich, Peters, & Shepherd, 2009, p. 30), one can see that this definition suggests an interpretation of what it means to be an entrepreneur. According to these authors, an entrepreneur, in the view of economists, is one that can combine resources, labor, materials and other assets, adding more value to that which was initially envisaged. This person introduces changes and innovates. And, to psychologists, that person is driven by the need to reach something, to achieve something and to have independence.

Approximately, at the end of the 19th and early 20th century, the entrepreneur was considered to be the one who managed the company, paid employees, planned, directed and controlled the actions developed in the organization. This vision, being purely from an economic point of view, used to cause an improper interpretation of the term entrepreneur, often considering an entrepreneur as a manager or an administrator (Hisrich et al., 2009). Degen (2009) states that the entrepreneurs who start a business usually assumes, in the beginning, four roles: entrepreneur, manager, executive and employee. Nevertheless, he points out that despite the novice entrepreneur assumes the four roles, the type of business is what determines the roles to be taken on.

To Bernardi (2011), the generic characteristics of an executive or a manager are both different but simultaneously complementary to the typical personality of an entrepreneur, such as “objectivity; sociability; cooperation; ability to listen; ability to verbalize and a habit of reading; more pronounced emotional control; involvement with employees in decisions; ability to delegate activities involving technical processes, concentration and routine; low attention to detail and a rational behavior” (p. 133-134). According to the author, such generic features taken together are allied to an environmental, global, social, political, economic and technological vision and make up the ideal profile for the entrepreneur-manager.

However, Dotlich and Cairo (2004) point out some behavioral features found in leaders or executives, which are considered destructive to their career, represented by eleven personality traits of the individual: reserved, melodramatic, arrogant, passive resistant, eccentric, temperamental, perfectionist, cautious, artful, obsequious. These behaviors can affect the career and present negative consequences for the company.

Finkelstein (2007) adds evidence that there are behaviors that can lead to the collapse of a venture. The author presents characteristic behavior of executives. This study looked into entrepreneurial behavior and considered there to be seven habits in unsuccessful people. It emphasizes that in the vast majority of business failures, five or six of these seven habits are noted, they are: 1) they see themselves and their businesses as dominators of the environment; 2) they identify themselves with the company and see no clear boundaries between their personal interests and those of the organization; 3) it is thought that they have all the answers; 4) eliminate coldly those

that do not follow them faithfully; 5) are perfect company spokespersons, obsessed with their own image; 6) underestimate major obstacles; 7) stubbornly hold on to what worked in the past.

In this way, one can see that the single entrepreneur has the need to administer his subjectivity and be aware of his attitudes presented in different business situations, both in a reality of stability and growth (Minello, 2010) and in circumstances of pressure and stress (Murray, 1938). These behavioral traits of the individual entrepreneur seem to influence the running of the business and can lead to business failure, which will be discussed in the following topic.

### **3. BUSINESS FAILURE: DEFINITION, REASONS AND STAGES**

The study on the business failure is seeped by various factors that lead individuals to close their entrepreneurial activities, such as retirement, sale of business, bankruptcy, managerial errors, inappropriate behavior and actions by the owners of the business (Robinson, 2007). However, many times the fear is to undertake and fail. This can prevent the individuals wish to change opportunities seen in business (GEM, 2011).

Barnard (1979) considers the lack of cooperation a threat to the organization. This can lead to organizational failure. For the author, the organization that does not have a cooperative system, doesn't achieve its purpose and consequently ceases to have reason to exist. McGrath (1999) corroborates the idea of Barnard (1979) to understand that business failure is the end of an initiative that did not achieve its purpose. For Bruno, Mcquarrie and Torgrimson (1992) the business failure is a discontinuance of business. This can have several reasons, such as legal problems, dispute in the social structure, death or simply a change of interest.

Also Hisrich et al. (2009) claim that business failure occurs when there is a drop in revenue and/or an increase in expenditure that reaches a proportion that could make it impossible for the company to attract new debt financing or equity, thus becoming insolvent. These authors discuss that often failure occurs in entrepreneurial companies, because the novelty is characterized as the opportunity, but also a source of uncertainty and fluctuating conditions. Pereira (1995) considers some reasons that trigger business failure, recognizing them in different areas: markedly; technical and operational; financial; organizational and legal. In this context, presented by Pereira (1995), Hisrich et al. (2009) believes that the specialized professional support network constitutes entrepreneurial orientation in conducting business, making it possible to minimize threats that may exist.

Despite believing that there are other factors that lead companies to decline, such as disasters and fraud, Collins (2010) suggests that there are five stages of corporate decline. They are: (1) the overconfidence that comes from success; (2) the undisciplined search for more; (3) denial of risks and dangers; (4) the desperate struggle for survival; and, (5) the surrender to irrelevance and/or death. However, the author emphasizes that these stages are not dealing with a model of corporate decline, but are five stages that occur in sequence. These stages apparently present a certain similarity with the habits of unsuccessful people elaborated by Finkelstein (2007) together with other derailing career factors, pointed out by Dotlich and Cairo (2004).

In because of this, Mitroff (2001) underlines the importance of emotional reactions of entrepreneurs in times of adversity. On Shepherd's vision (2003) negative emotions, apparently, need to be exploited by the individual, to achieve a greater understanding and the ability to learn from failure.

The context of corporate failure becomes even more difficult when it refers to a family business because the company may not be the only source of income, but also the pride and identity of the family. Given the high levels of embeddedness and loyalty which can exist within family firms, intense emotional responses are quite common (Bee & Neubaum, 2014). The loss of the company carries a negative emotional reaction within the entrepreneur that the authors call mourning (Hisrich et al., 2009).

Lazarus and Folkman (1994) claim that the exploration of negative emotions distinguishes the interactive process between people and their environment. Complementing this reasoning, Hisrich et al. (2009), consider that negative emotions should be explored initially within the family, specifically with the spouse. This finding seems to meet the thoughts of McClelland (1961) that substantiated the behavior of the individual entrepreneur from their basic needs: achievement, affiliation and power. The author considers the affiliation as a motivational factor for the individual when he requires emotional support and social interaction capable of contributing to his personal strength.

### **4. RESILIENT BEHAVIOR IN ADVERSE SITUATIONS**

Studies and research on human resilience seek to understand how when facing the same adverse situations, some people have the capacity for development, which it seems overtakes others (Rutter, 2012).

Looking from a historical perspective, the word *resilience* comes from the Latin verb *resilire*: to bounce back, return to natural state, being propelled, fall back, break, and it was initially used by physics and engineer (Carmello, 2008). The story of resilience began with the English scientist Thomas Young in 1807, when he described his concept of modulus of elasticity. However, the concept of resilience has reached other realms of knowledge, such as education, sociology, psychology, medicine, and more recently administration (Grotberg, 2003; Melillo & Ojeda, 2005; Carmello, 2008).

Yunes (2006) points out that most studies on resilience aim at studying children or adolescents, focusing on "personal traits and desires" (p. 78). However, Masten (2011) recognizes resilience as a common phenomenon present in the development of any human being, and gives the concept of resilience as the capability of a dynamical system, able to withstand or recover the challenges that threaten the viability of its development or stability.

Grotberg (2005, p. 15) defines resilience as "the human capacity to confront, overcome and be strengthened or transformed by the experiences of adversity". In this sense, Flores (2010) corroborates the idea of Grotberg (2005) in considering resilience to be obtaining success in spite of adversity, i.e. develop an ability to use the experience brought on from adverse situations to plan the future.

In addition, Grotberg (2005) points out that considering resilience as a process is not simply a response to adversity, but promotion of factors, behaviors and resilient result; characterizing the dynamics of resilience. In this sense, the author identifies four different categories of resilient factors: I have (support), I am (refers to development of the internal force) and I can (acquisition of interpersonal skills and solving conflicts). As for resilient behavior, it is necessary to identify the problem and try to select the level and type of response, appropriate to a dynamic interaction with resilient factors. With regard to the promotion of resilient results, the idea does not end in overcoming, but in benefitting from the experienced situation, in other words, learn from the experience and estimate the impact that the adverse situation had on others (Grotberg, 2005).

For Rutter (2012) and Shiner and Masten (2012), resilience is characterized as a set of social and interpersonal processes that allow for a healthier life, even when found in an environment with adverse situations. Therefore, resilience is not an attribute acquired from birth, or acquired through development, but an interactive process between oneself and one's environment.

Infante (2005) believes that in the area of psychosocial intervention, resilience attempts to generate a process where the individual within his social environment is helped to overcome adversity, and is assisted to adapting to society and achieving a better quality of life. This resilience and adaptation proposed by Wolin and Wolin (1993 *apud* Kotliarenco et al., 1997, p. 26) have shown some personal characteristics that influence the individuals' resilient behavior: introspection, independence, ability to relationship, initiative, humor, creativity, morality, consistent self-esteem. Considering that failure in business is an adversity in life for the individual entrepreneur, it is possible to infer what behaviors are able to overcome such a situation, those needed to assimilate the impact caused by the adversity.

Lazarus and Folkman (1984) point out that the assimilation of adversity will depend on the cognitive and behavioral skills that the individual presents when managing an adverse situation. Glassman and Hadad (2008) complement the cognitive assessment considering the emotions. In this study the emotions that failure in business may result in the individual, being functional, i.e. the assessment that the individual makes of the situation leads to a particular emotion, motivating an appropriate response to the situation experienced. This seems to suggest that the links between cognition and emotion are bi-directional, in other words, emotions can affect the cognitive processes, and conversely cognitive processes can affect emotions.

Still, considering the resilient behavior, Minello (2014) put forward a reasoning of the dynamic influence on resilient behavior concerning the resilience in a temporal continuum, when there is the presence of positive social stimuli – such as access to emotional support, family or people close to them – the resilient behavior becomes positive, and the individual is able to seek and expand his capacity for adaptation and recovery. However, if the individual is without positive social stimuli, without emotional support, family or persons from his surroundings, the resilient behavior becomes negative, because the individual is not able to recover entirely from the impact stress causes.

## 5. RESEARCH METHOD

This study adopted a qualitative analysis, exploratory method, based on observatory research. The qualitative approach uses data collection without numerical measurement, such as descriptions and observations (Sampieri, Collado, & Lucio, 2006). According to the authors, studies using qualitative approach can produce questions and

propositions before, during and after the collection and analysis of data. To Collins and Hussey (2005), the qualitative method is more subjective and involves examining and reflection of perceptions to obtain an understanding of social and human activities. Sampieri et al. (2006) complements emphasizing that this method consists of an understanding of a complex social phenomenon. For Richardson (2011), the qualitative approach is justified, over all, as being a good way to understand the nature of a social phenomenon, being its application appropriate to situations in which one tries to understand the psychological aspects related to the phenomenon in study. In light of this, it is understood as coherent to the adoption of the qualitative approach for this research. From the reports of the interviewees, we seek to understand the behavior of entrepreneurs who have experienced business failure.

In relation to the exploratory character, according to Sampieri et al. (2006, p. 99), these studies are used “when the objective is to examine an issue or research problem little studied, where there are many doubts that have not been addressed before”. Therefore, studies on this subject hold an exploratory approach, contributing to the understanding of the topic from knowledge generated and extracted from empirical research, which represents one of the features of this research.

Analysis units were defined for convenience, requiring attention in choosing subjects that meet the objective of this work; and, due to the difficulty of finding entrepreneurs interested in contributing to this research, as the adversity of business failure involves feelings, emotions and shame (Minello, 2010). The analysis units were composed by 11 (eleven) entrepreneurs from the central region of Rio Grande do Sul, Brazil, who had experienced business failure.

Data collection was taken through semi-structured interviews, using a script prepared previously. This script consists of a section of supplementary data (gender, age, training and how long it took to set up his business venture) and another twenty-five questions, sectioned into four blocks: concerning the life story, about the professional path taken, about the process for the discontinuance and the process of resilience.

The analysis of data was performed based on the content analysis. These techniques (Bardin, 2011) was used by application of the analysis of categories and enunciation analysis. According to the authoress, in the set of techniques of content analysis, the most used is the analysis of categories: “it works by the dismemberment of the text into units, sorting categories according to analogical groups” (Bardin, 2011, p. 199). The enunciation analysis “relies on a concept of communication as a process and not simply as date” (Bardin, 2011, p. 215).

Data was analyzed from a priori defined categories (business failure, resilient factors and the dynamics of resilience) which were defined based on three theoretical approaches: business failure of Shepherd (2003); process of resilience of Grotberg (2005) and the dynamic influence of resilient behavior on the resilience of Minello (2010).

## 6. ANALYSIS AND DISCUSSION OF THE RESULTS

### 6.1 Business failure

The dynamism of the business environment and the willingness of the entrepreneur to undertake it, result in successful ventures, and also a large number of business failures. However, the costs of failures affect not only economic aspects but also personal losses, requiring attention to the damage that they can cause (Mrtvi, Silva, Rocha, & Andreassi, 2012).

This idea supports the vision of Shepherd (2003) by suggesting that business failure can cause a sense of personal loss, particularly painful to the entrepreneur (Hisrich et al., 2009). Reports of interviewees I4 and I6 illustrate these considerations.

“It would be as if I had taken my healthy son from the nursery to sell his organs and submit a death certificate for him as being anencephaly, something like that. There was no logic to the discontinuity of my business, I had to swallow this discontinuity, because the system is very strong, very strong and full people of bad character...” (I4)

“Yes, it's painful, it's like I said... a sense of satisfaction for the company you creates like a child... huh, and you believe that... and then suddenly you accept your failure...” (I6)

Taking into consideration the effects of loosing a family business, the effects of the loss of a project of this nature can be felt by the community, in particular by the family's relatives, and this can often causes sadness. The time required for recovery of a family, the memories of the events involved that led to the loss of family business, is when it no longer generates a negative emotional response in the family unit (Shepherd, 2009). Interviewee I11's



account illustrates this experience.

“It was like a time bomb within the community and I'm sure, those people who yesterday willed this to happen today feel very deep sorrow because our community had a large withdrawal in all senses, because our company, in addition to generating employment, was a flagship for all... all the events, all achievements and most of all guided the community... it's painful, very difficult to take an attitude, an action such as this... and you are obliged to close a company that was a family company, huh? Grandfather, father and sons, and then having to shut down all the activities, it is a painful and heavy burden for those who have to go.” (I11).

In Souza, Oliveira, Silva, Negromonte and Nobrega's concept (2012), the changes caused by globalization, e.g. competitiveness, greater productivity and the seeking out of new markets, have led the business environment to reach out for professionals with a qualification more compatible to current market trends. In addition, the quantity, variety and complexity of the business environment make it impossible for the entrepreneur to have the ability to understand and act on all fronts with the same effectiveness and efficiency (Bernardi, 2011).

Another aspect to be considered when faced with situation of business failure is the lack of entrepreneurial experience, noted in the views of Machado e Espinha (2010): the lesser the experience, the greater the possibility of business failure. These aspects are recognized in the accounts of the interviewees I5 and I7.

“We went into it one way then... we could have has seen before the problems began, about legalities, we didn't take advise, we just had good faith, we thought it was done that way, that it was down that road and then we had to find a criminal lawyer to help us.” (I5)

“So if you have a company in hand, you have to get, to know its running, you have to know how everything works, from that point on I started having people inside the office, got people to help me, administration done outside, got people trained, so you can administer, and I looked for other things to learn...” (I7)

McGrath (1999) suggests that such adversity brings with it the learning process together, as this can generate knowledge for entrepreneurs and benefit the business and society because of its application of new ventures. Individual learning involves a process of changing convictions in which the individual categorizes these changes in mental patterns, involving both their explicit and implicit understandings. (Ucbasaran, 2013). In the opinion of Alves (2009), learning needs to be understood as a resource to be relocated, the materialization of skills can be translated into an ability to administer. Reports of I7 and I9 corroborate the above.

“Maybe in this shit I learned other things, right?... learned to organize more... Maybe if I had organized a little earlier things wouldn't have happened at the bank, if I had taken care I would not have gone through that humiliation.” (I7)

“The most important thing in this process is that no matter what, apart from all this, the whole process has been a learning, as much as I had said I knew... Learning... You know getting knocked down, and one thing, huh? Guard the experience... I think I learned a lot, I learned. I wasn't like that at all. I never... so it gave me... God forbid... it would give me another way of thinking, another type of being.” (I9)

With regard to the entrepreneur's behavior in face of failure, Finkelstein (2007) and Seth (2008) address that the perception of its leaders is based on self-confidence and belief in immunity with regard to external forces that success makes possible. Exceptional achievements in the past distort their perception of reality, causing organizational shortsightedness and making problematic the company's adaptation to environmental changes. This distorted perception of reality in Seth's vision (2008) shows a self-destructive behavior, which can end in ruin. Dotlich and Cairo (2004) point out that arrogance is one of these behaviors, and considered this as one of the factors that lead to going off the rails and ending in destruction. To Mittelstaedt (2006) and Scherer (2012) success provokes arrogance and affects decision-making, this being regarded as one indicator pointing to the possibility of failure. The excerpts in the reports of I1 and I2 demonstrate this behavioral characteristic.

“I think that it was mistakes, it was presumptuous as well, vane, hmmm... I said things, as I liked, I ran the company, the company that I started! I got wonderful years ahead, everything worked... and I was the one who ran the business, and that filled me with a lot of... I believe a lot of vanity, and a lot of pride, and I was... I was very closed to opinions, advice...” (I1)

“I think the fault was being arrogant, not having... I didn't recognize that it was sinking... I think that was the main thing there. Maybe if I had been more careful or listened to more people who were older than me...” (I2)

As to feelings and emotions, Welpel et al. (2011) consider that they interfere with the assessment of opportunities and influence the perception of risk and preferences. These authors state that fear not only reduces the exploration, but also decreases the impact of a positive assessment of opportunity for the entrepreneur. On the other hand, Cardon et al. (2012) claims that an entrepreneurial spirit either before or at the same time is a consequence of the entrepreneurial process, because for the authors entrepreneurship is an emotional process. In the vision of Minello (2014) entrepreneurs who have experienced a situation of adversity in business carry with them a strong emotional charge, packed with various feelings, one of them being shame. I6 and I7 demonstrate that.

“It's our ingenuity also, in business you cannot act from the heart, you have to be rational... Although I always think it is interesting to be generous and kind with employees, because this comes back to you, because, look... my employees at that time going through a crisis, yes, when we were in difficulty, I can't complain, my people stayed at work till 10 at night...” (I6)  
 “... one of the things that made me feel very bad is that the guarantor retained some capital of mine and I was going to get the capital we had, but felt that shame at not being able to get things right, the helplessness... It took years off my life lost, you lose, you lose the will, you know... lose heart, lose face... you get worried, you look very worried, you feel stopped... you can't... I can't put it into words, but it's not funny anymore, there's no more... you can't have the thing, there is no grace, you get afraid of...” (I7)

According to Davidoff (2010), the nature of emotions comes from subjective, behavioral and physiological elements. The subjective elements of feelings and thoughts seem to be the most striking aspects of emotions, because the interpretation of situations lived, experienced influence the emotions.

### 6.2 Resilient factors

In the context between the tensions of the environment and the desire to succeed there is a need for decision-making which provides strength to the individual coping with adversity (Job, 2003). These strengths were categorized by Grotberg (2003, 2005) as resilient factors, which interact dynamically and lead to resilience, requiring changes in attitudes in the face of not static adverse situations (Grotber, 2005; Hoch & Rocca, 2007; Rutter, 2012).

External support is one of the forces of the resilient factors (Hoch & Rocca, 2007). To the individual who experiences a stressful situation, in this study the business failure, realizing he has support through a social network consisting of family members and/or neighbors, friends, fellow workers amongst others, becomes essential. In this time of adversity to feel unconditionally acceptance by one or more persons can provide the support to overcome difficulties and promote resilience (Grotberg, 2003; Hoch & Rocca, 2007; Pérez & Medina, 2011).

A family is a group of people connected by emotion and/or blood, with an amount of experience that develops patterns of interaction and history that justifies and explains these patterns of interaction. It carries the key roles of psychosocial protection and adjustment to a culture and its interaction (Minuchin, 2008; Bee & Neubaum, 2014). The excerpts from the reports I5, I7 and I11 illustrate the above.

“...the life we had in the work field gave certainty to some suppliers who came to meet us and who believed in us... So, companies that had not participated with me in the company that failed... they facilitated credit for us, so we could rebuilt...” (I5)  
 “I though ‘first thing I will do is to pay them, after this I will deal with the others’. But they answered ‘No, we’re not going to do it like this: you will pay us the salary that we need to cover our day-by-day expenses, and the rest we will leave for... when, when we improve...’ So that’s one thing that marks us and helps us along the... [pause, emotion] These people were friends, right, were not actually employees... more like a friend than employees.” (I7)  
 “The family I think was something extraordinary... My wife, at the difficult time, was my main anchor giving me strength and looking forward and thinking positively.... always telling me that in the future things would turn around and fortunately today we have rebuilt... It is like living again!” (I11)

The predisposition to fulfill what you propose and make plans for the future constitutes another resilient factor, however, Grotberg (2003) warns that a future planned is not only achieving goals, but also being prepared to face adversity that may arise in the pursuit of that goals. The optimism and confidence make it possible to overcome adversities with more success. An optimistic attitude is strongly linked to self-esteem, psychological well-being and physical and mental health (Benetti & Crepaldi, 2012). Kasen et al. (2012) add that religion can protect the

individual against depression, since it seems to minimize the threat that adversity carries. I4 and I6 show evidence of the above.

“I had to change my thinking, I had to look at myself in the mirror and see a warrior, not a loser, not see myself as a rebel without a cause.” (I4)

“Firstly, I always think about my faith in God, is there something else as important as the faith in God? And... I don't put that it in second place, I think of both in the first place, is the mutual support, as the couple, my family, the kids too.” (I6)

Expressing your thoughts and communicating with others in the surrounding areas, is characterized as another factor that can contribute to the ability to cope and overcome adversities (Grotberg, 2003), however the author warns that the individual should obtain vocabulary that really expresses your feelings in such a way that the listener understands what he is looking for. The feeling of being able to resolve conflicts can often come with professional help, because this help encourages the free expression of feelings and provides a welcoming environment and support (Huffman, Vernoy, & Vernoy, 2003). The excerpts of the interviews of I1 and I2 present this subject.

“...[regard to the contribution of therapy] I, today, I believe it so. Today I don't have a wife, I am alone, so I had to deal with the middlemen. Problems so serious, you know, they practically do not exist anymore. So for me it is important because it helps me organize my thoughts a little bit, helps me to have me some direction, right, so I think this is a very important thing that I'm doing.” (I1)

“...Psychological follow-up, sooo sooo much conversation with my family and many people talking positively to me that this will pass, it's just a phase... Look, a psychologist... I have a friend who is a psychologist thanks to God... a friend of a friend, not actually my close friend. So I'm not paying for treatment because a treatment is not cheap, but I think all people should do therapy, therapy is a fundamental thing in people's lives.” (I2)

To Newman (2003) factors constitute interactive sources of resilience and can promote themselves separately, however, in facing adverse circumstances they combine with each other. For the author, the most important resilient factor is support and affection, within or outside the family, as it makes trust possible and bring with it models to imitate, as well as, offering incentives that promote security and resilience in the individual.

### *6.3 Dynamics of resilient behaviour*

Taking into account that resilience is not static (Grotberg, 2005; Masten, 2011; Minello; 2014; Rutter, 2012; Shiner & Masten, 2012), the influences of the environment and the individual interact with each other, allowing the individual to adapt himself even in the face of adversity. However, the question still persists in regard to the resilient conducts, because under the same adverse situations, in this research the business failure, some individuals develop surpassing the stress factors, but others show difficulties to overcome and succumb to adversities (Barlach, Limongi-France, & Malvezzi, 2008).

Rutter (2012) complements and recognizes that there is diversity in individual attitudes in front of situations of adversity and asserts that resilience is an inference based on evidence that some individuals have better results than others, even when they have suffered the same levels of adversity.

Yunes (2006) mentions the risk factors surrounding the process of resilience, as they are related to negative events that can impact and affect the sense of well-being and social performance, often disabling the individual in their day-to-day routine. On the other hand, these same events can provoke a positive adaptation, in which the individual feels free to move on and be able to reorganize his life with no signs of inadequacy (Infante, 2005, Masten & Gewirtz, 2010, Masten, 2011).

Based on the DSM-IV (2000), the maladjustment when confronted with a negative situation can result in negative resilient behavior, which develops significant emotional or behavioral symptoms in response to one or more identifiable psychosocial stressor. Depressive moods, anxiety, conduct disorder and social withdrawal are all symptoms that characterize the maladjustment of the individual in the face of adversity (DSM-IV, 2000). The excerpts from the reports of the I1 and I2 are evidence of the above.

“... I became an unbearable person, on an extremely short fuse, extremely impatient, right... and a very difficult person to live with, that always needs admiration from the person who lives with you... It ends up eating at you, right... because you failed on the professional side, and your self-esteem becomes very low...” (I1)



“...I stayed for some time there in my father’s house, locked myself up in room, thinking about life, depressed, extremely depressed... it was something so terrible thinking that I couldn’t do anything, had to deny myself drinking even a coca cola. I thought it was so bad... but the shame was the worst thing, the worst thing... I think I have not fully got back on my feet, I’m not a complete person. I’m not, I’m not ...so to speak, I don’t feel detached from my past life...” (12)

On the other hand, positive resilient conduct requires the interaction of resilient factors so that the individual feels able to overcome and strengthen themselves to face adversity (Newman, 2003; Grotberg, 2003, 2005; Rodriguez, 2005; Holland & Shepherd, 2013; Minello, 2014). For Mak et al. (2011) resilience has a meaning related to positive cognitions about yourself, the world, and the future. Studies of these authors showed that individuals who showed a level of resiliency held with positive cognitions, reported significantly higher levels of satisfaction with life and lower levels of depression. The excerpt from the report of I5 illustrates these concepts.

"In my life!... It was a challenge to begin again. I failed, but I didn’t want to remain in that failure. I think this is the right secret of people to continue... that dream, that desire, that challenge I had as a person and as a professional. Do not give in to loss, huh... It was a defeat, right. I was defeated, but I didn’t stay in that situation. I needed to understand the reasons that I was defeated and no, don’t remain as someone who would have failed and that the failure would be the end. (15)

It is noticed that the different attitudes presented in excerpts of the reports of respondents reflect the dynamics of resilience. Almeida (2012) claims that the different strategies refer to the approach/departure dichotomy. According to the author, approach consists in an individual’s attempt to try to change the situation. Along these lines, resiliency is dynamic continuing through time, because it changes in function of the interactions of individuals and their contexts. Resilience can therefore change as can the person and the context (Shiner & Masten, 2012).

## 7. SUMMARIZATION OF RESULTS AND FINAL CONSIDERATIONS

From the analysis of the results presented here, it is noted that the objective of this study – analyzing the factors associated with resilient behavior of entrepreneurs who have experienced business failure – was achieved. It stands on the basis that, after thorough analysis of all the interviews, it was possible to see behavioral characteristics of the entrepreneurs interviewed, as well as other factors that influenced the behavior of individuals in the conducting of their enterprise. Table 1 summarizes these findings, associated with resilient behavior of Brazilian entrepreneurs who have experienced business failure in the central region of Rio Grande do Sul.

Business failure affects the economy and causes hurt to the individual entrepreneur because the discontinuity of the business represents pain which add up to a level of personal loss (Shepherd, 2003; Holland & Shepherd, 2013). In addition, when it comes to a family business it becomes even more painful and can also be felt by the community.

It was pointed out by the entrepreneurs interviewed the importance of professionals in different areas involved in running a business. Another aspect shown was the inexperience in management that can trigger failure of the business. One can infer that in the light of this conclusion the lack of professionals and the inexperience in management might be overcome through pursuit of knowledge, which features a resilient positive behavior.

Regarding the results of the present study, we can say that resilient behavior “reflection” can apparently be related to the resilience factor “ability to learn”, as business failure seems to encourage the revision of values, and provides a sense of maturing of the individual entrepreneur. The pursuit of reasons that triggered the failure of the business also permits to evaluate new situations based on learning from the adversity of the failure.

The resilient factors identified in the entrepreneurs interviewed were the external support (friends, neighbors and employees, but mainly the family was considered as a support), inner strength and faith, knowing how to ask for help, and wanting to start over. It can be stated that this resilient factor “knowing how to ask for help” relates to resilient positive behavior – therapy and the wish be favorably disposed to resume and prepare oneself. The resilient factor “external support” can be linked to resilient positive behavior “wanting to begin again” since, amongst the entrepreneurs interviewed, family support was considered a relevant factor to overcoming adversity. Resilient negative behavior “arrogance” was a behavioral feature identified in the entrepreneurs interviewed, and relates to the category of business failure. It’s a feature that depends on the intensity and frequency in which it appears, may trigger the failure (Dotlich & Cairo, 2004; Sheth, 2008; Mittelstaedt, 2006, Minello & Scherer, 2014).

With respect to the dynamics of resilience, one can realize that among the resilient negative behaviors faced with in a situation of business failure, were evident the social withdrawal and the shame due to business failure, as well as the social contact and the loss of the shame were characterized as resilient positive behaviors. We can see in this context the dynamics of resilience because it highlights behaviors that implicitly required a time of maturation, i.e. when the individual receives the shock of failure, initially isolates himself and retracts from society, but over time will acquire confidence and begin to regain social conviviality.

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**Table 1** – Summary of research results

CATEGORIES OF ANALYSIS			
Business Failure	Resilient Factors	Dynamics of Resilience	
		Negative resilient behavior	Positive resilient behavior
Sense of loss; personal community, family; inexperience in management; arrogance; shame; lack of professional advice.	External support; inner strength and faith; ability to learn; learning to ask for help.	Social withdrawal; shamed of the failure; isolation; arrogance.	Social conviviality; realization of therapy; search of knowledge; reflection; no shame of failure; predisposition to resume and empower oneself.

Source: Prepared by the authors based on findings of the research.